

Message Text

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ORIGIN EB-11

INFO OCT-01 EA-11 ADP-00 STR-08 DODE-00 INR-10 NSAE-00

RSC-01 TRSE-00 AEC-11 CIAE-00 COME-00 MC-02 L-03

PRS-01 SS-15 NSC-10 NSCE-00 SSO-00 INRE-00 /084 R

DRAFTED BY EB/ISM:WPOLIK:RDM

7/2/73 EXT. 21705

APPROVED BY EB/ORF: JLKATZ

STR:JAMCNAMARA

COMMERCE:GCOOK

EB/ISM:JCCURRAN

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L STATE 129599

E.O. 11652: GDS

TAGS: EIND, ETRD, JA

SUBJECT: U.S. FERROUS SCRAP EXPORTS

REF: TOKYO 4951

1. DEPUTY ASST. SECY. COMMERCE COOK MET WITH JAPANESE EMBASSY COMMERCIAL COUNSELOR HARADA AT 1430 JULY 2 TO PROVIDE HARADA WITH ADVANCE BRIEFING ON SECRETARY DENT'S 1530 PRESS ANNOUNCEMENT ON U.S. EXPORT LICENSING REQUIREMENTS FOR FERROUS SCRAP EXPORTS (SECRETARY DENT'S PRESS STATEMENT BEING SENT SEPTEL). HARADA ALSO GIVEN ADVANCE COPIES TEXTS OF SECRETARY DENT'S STATEMENT; EXPORT CONTROL BULLETIN 89, DATED JULY 2, 1973, CONTAINING FERROUS SCRAP EXPORT LICENSING REQUIREMENTS AND PROCEDURES; AND FACT SHEET ON FERROUS SCRAP SUPPLY.

2. COOK INFORMED HARADA THAT ON SCRAP ORDERS OF 500 SHORT TONS OR MORE:

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(A) FOR ORDERS ACCEPTED ON OR BEFORE JULY 1, 1973 FOR SHIPMENT IN JULY, EXPORT LICENSES WILL BE ISSUED AUTOMATICALLY;

(B) FOR ORDERS ACCEPTED ON OR BEFORE JULY 1 FOR SHIPMENT AFTER JULY, LICENSING SYSTEM WILL BE ANNOUNCED LATER IN JULY;

(C) FOR ORDERS ACCEPTED AFTER JULY 1 IRRESPECTIVE OF MONTH OF DELIVERY, NO LICENSES WILL BE ISSUED FOR EXPORT.

3. ON ORDERS OF LESS THAN 500 SHORT TONS, UNTIL FURTHER NOTICE SHIPPERS MAY APPLY FOR EXPORT LICENSES REGARDLESS OF DATE ON WHICH THE ORDER WAS ACCEPTED.

4. COOK EXPRESSED USG'S APPRECIATION FOR GOJ'S VOLUNTARY ACTION IMPOSING IMPORT CONTROLS ON FERROUS SCRAP AT LEVEL OF FIVE MILLION SHORT TONS (AS REPORTED REFTEL), AND ASSURED HARADA THAT USG HAD EVERY INTENTION FILL JAPANESE SCRAP ORDERS TO THIS LEVEL. COOK NOTED THAT EXPORT ORDERS REPORTED TO COMMERCE THROUGH JUNE 17, 1973, SHOWED JAPANESE ORDERS TOTALING 6.5 MILLION SHORT TONS, INCLUDING 500,000 TONS PURCHASED BY JAPANESE TRADING COMPANIES AND DESTINED FOR OTHER COUNTRIES, PRINCIPALLY TAIWAN AND KOREA.

5. COOK TOLD HARADA THAT ALTHOUGH LICENSING POLICY FOR SHIPMENTS AFTER JULY WOULD NOT BE ANNOUNCED UNTIL LATER THIS MONTH, USG AT THIS TIME HAD EVERY INTENTION ALLOW SHIPMENT OF EXPORT ORDERS PLACED ON OR BEFORE JULY 1, INCLUDING THE FIVE MILLION TONS (ACTUALLY 5.5 MILLION TONS, INCLUDING 500,000 TONS FOR TRANS-SHIPMENT TO THIRD COUNTRIES) GOJ WILL ALLOW INTO JAPAN UNDER ITS IMPORT CONTROLS. HOWEVER, COOK CONTINUED, IN UNLIKELY EVENT THAT US FERROUS SCRAP SUPPLY SITUATION REQUIRES SOME RESTRICTION ON ORDERS PLACED ON OR BEFORE JULY 1, USG WOULD PROVIDE JAPANESE ORDERS FAVORABLE TREATMENT IN VIEW OF GOJ'S VOLUNTARY ACTION IN IMPOSING IMPORT CONTROLS. COOK SAID THAT FOR OBVIOUS REASONS IT WOULD NOT BE POSSIBLE FOR USG TO ANNOUNCE PUBLICALLY THAT JAPAN WOULD RECEIVE

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FAVORABLE TREATMENT, AND HE REQUESTED HARADA TO ASK GOJ TO KEEP THIS INFORMATION CONFIDENTIAL. HARADA AGREED.

6. HARADA EXPRESSED APPRECIATION FOR ADVANCE BRIEFING AND FOR FAVORABLE TREATMENT TO BE GIVEN JAPAN IN THE UNLIKELY EVENT USG FINDS IT NECESSARY TO REDUCE CY 1973 SHIPMENTS TO JAPAN TO BELOW THE FIVE MILLION TON (5.5 MILLION TONS INCLUDING SHIPMENTS TO THIRD COUNTRIES) IMPORT CONTROL

LEVEL ANNOUNCED BY GOJ.

7. AT HARADA'S REQUEST, COOK SAID SECRETARY DENT WOULD
MAKE IT CLEAR THAT 5.5 MILLION TON GOJ IMPORT CONTROL
LEVEL REFERRED TO IN HIS PRESS STATEMENT INCLUDED 500,000
TONS FOR TRANS-SHIPMENT TO THIRD COUNTRIES.

8. IN CONVEYING ABOVE INFORMATION TO GOJ, EMBASSY SHOULD
STRESS THAT USG HAS EVERY INTENTION OF GIVING PRIORITY
TO JAPANESE ORDERS UP TO THE 5 MILLION TON IMPORT LIMIT
ANNOUNCED BY GOJ, IN VIEW OF GOJ ACTION TO REDUCE 1973
FERROUS SCRAP IMPORTS. RUSH

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